

EDIT

CONFIDENTIAL
~~SECRET~~

COPY NO. 17
OCI NO. 5250/57

26 September 1957

CURRENT INTELLIGENCE WEEKLY SUMMARY



DOCUMENT NO. 8
NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED
CLASS. CHANGED TO: TS, S, C 25X1
NEXT REVIEW DATE: 1989
AUTH: HR 70-2
DATE 6 Aug 79 REVIEWER:

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

CONFIDENTIAL
~~SECRET~~

FORN TO RECORDS CENTER
IMMEDIATELY AFTER U25X1
JOB 79-927 BOX 14
25X1

State Dept., DIA reviews completed

228512/2

THIS MATERIAL CONTAINS INFORMATION AFFECT-
ING THE NATIONAL DEFENSE OF THE UNITED STATES
WITHIN THE MEANING OF THE ESPIONAGE LAWS,
TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMIS-
SION OR REVELATION OF WHICH IN ANY MANNER TO
AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

The Current Intelligence Weekly Summary has been prepared
primarily for the internal use of the Central Intelligence
Agency. It does not represent a complete coverage of all
current situations. Comments and conclusions represent
the immediate appraisal of the Office of Current Intelligence.

Page Denied

Next 6 Page(s) In Document Denied

25X1

25X1

25X1

~~CONFIDENTIAL~~
~~SECRET~~

CURRENT INTELLIGENCE WEEKLY SUMMARY

26 September 1957

PART I

OF IMMEDIATE INTEREST

MIDDLE EAST DEVELOPMENTS

Saud's Attitude

King Saud arrived in Damascus on 25 September, apparently intent on fulfilling his self-imposed mission of preserving Arab "unity" despite his avowed distaste for the leaders of the present Syrian regime. He reportedly plans to make a state visit to Lebanon about 12 October.

Jordan

Saud's trip to Damascus, together with the subsequent arrival there of Iraqi Prime Minister Ali Jawdat, may signal a softening in the attitudes of pro-Western Arab leaders toward the Syrian regime, even though this effect is not intended. Jordan's King Hussayn in particular has voiced his fear that Saud's move will weaken the antileftist front, which from Hussayn's standpoint is in special need of strengthening at this time, since the Jordanian cabinet has decided to convene parliament on 1 October. Although the most determined extreme nationalist members of parliament are in exile or jail, enough of their sympathizers remain to embarrass Hussayn's pro-Western government even if they cannot soon overthrow it.

Iraq

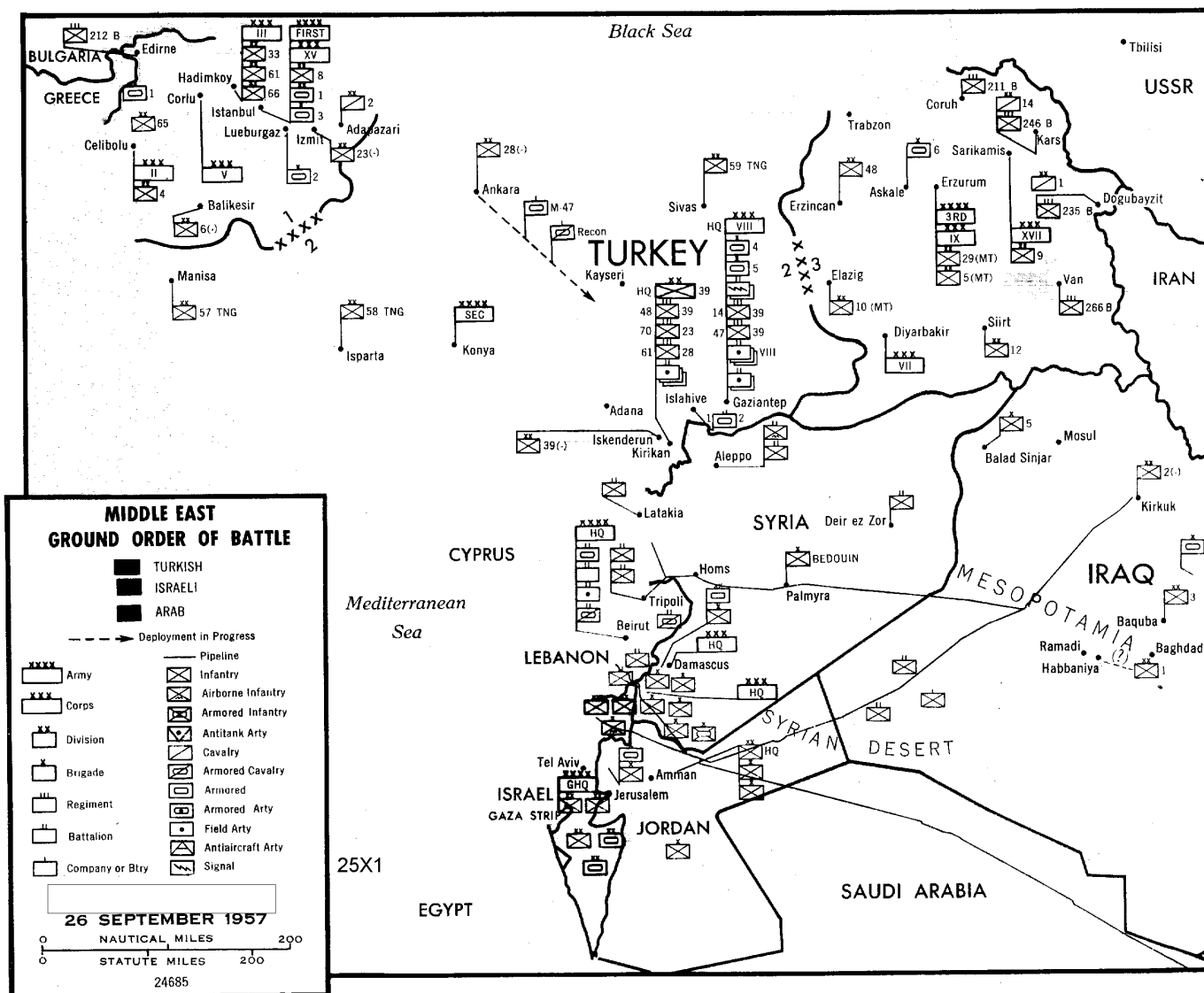
Ali Jawdat's trip to Damascus from Beirut appears to have been decided on the spur of the moment, possibly without consultation with other members of the Iraqi government. As recently as 24 September, Iraqi Crown Prince Abd al-illah was seeking information about the objectives of Saud's trip, and gave no hint that any Iraqi official would attend. Rumors persist of cabinet changes designed to give the Iraqi cabinet more pro-Western backbone. Former prime minister Nuri Said is the only political personality in sight who seems capable of doing the job, but he apparently is still opposed by Abd al-illah, whose influence is decisive.

Turkey

Turkey does not seem to have become infected with this softening in attitude. The Turkish government has massed enough manpower, weapons, and air strength in southern Turkey for a possible military action against Syria. Approximately 33,000 men--one infantry division, two infantry regiments, two armored brigades, eight artillery battalions, plus transport and engineer units--have been moved or are in position in the Iskenderun-Kirikhan-Gaziantep area. Turkish attitudes are not likely to be much

CONFIDENTIAL

~~SECRET~~

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****26 September 1957**

influenced by shifts of official opinion in the Arab states; the Turks look to the West for approval of their line of action.

Syrian Moves

The Syrians themselves do not appear to have taken large-

scale defensive measures against possible Turkish military action, which Syrian Vice Chief of Staff Nafuri said last week he still feared. There are unconfirmed reports of some military movements in northern Syria, however, and training of the people's resistance groups (futuwa) apparently has been stepped up. Leftist army leaders reportedly

SECRET

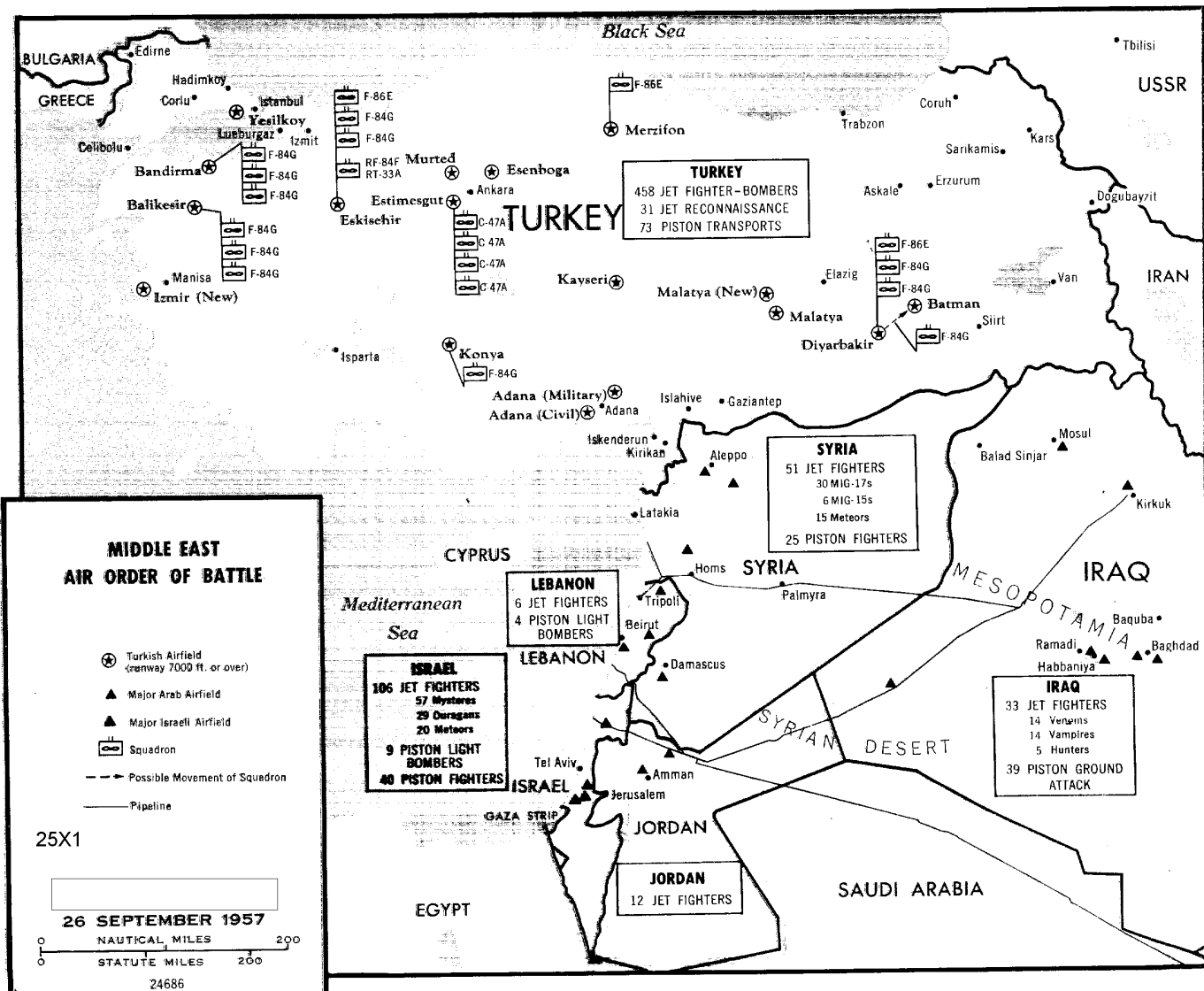
SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****26 September 1957**

have sought to force back into active service some of the moderate officers whom they compelled to "retire" a few weeks ago.

Syria has been and is receiving various types of Soviet bloc arms and equipment as well as economic aid. (See Part III, page 1.)

Soviet Policies

Moscow continues to take a serious view of the possibility of Western-backed armed intervention in Syria. Foreign Minister Gromyko in his speech to the UN General Assembly on 20 September reiterated Soviet security interest in Syrian

**SECRET**

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

26 September 1957

developments and made a bid for General Assembly approval of Soviet proposals to renounce the use of force and interference in the internal affairs of the Middle Eastern countries.

On 17 September, Soviet President Voroshilov sent the Shah of Iran a long note which set forth Moscow's views of Soviet and Western policy in the Middle East, cautioned him against supporting Western machinations against Syria, and solicited his influence in preventing such action.

Moscow propaganda repeatedly has warned Syria's neighbors, as well as Greece and Iran, against participating in any moves against Syria and continues to single out Turkey and Israel as the most likely instruments of any armed intervention in Syria. Bulganin's 10 September warning to Turkey has

not yet been followed by a similar note to Israel.

The arrival in Latakia harbor of two Soviet warships on 21 September at Syria's request dramatized Soviet "solidarity" with the present Syrian regime.

Presumably to deter Western action, Moscow is again circulating private warnings through Soviet officials that an attack on Syria would precipitate World War III, a tactic it used last November when it apparently believed the Western powers might try to overthrow the leftist regime in Damascus. On the day following Gromyko's 10 September press conference warning to Turkey, a Soviet diplomat in Tehran reportedly stated that World War III was imminent because the USSR would go to war if Turkey invaded Syria.

25X1

USSR DRAFTING NEW ECONOMIC PLAN FOR 1959-1965

A new long-term plan for the Soviet economy to take effect at the end of 1958 apparently is to supplant the ambitious Sixth Five-Year Plan, originally scheduled to guide the USSR economy through 1960.

On 25 September, Moscow radio broadcast a decision of the central committee of the CPSU and the USSR Council of Ministers which calls for completion by 1 July 1958 of a draft plan for the 1959-1965 period. This joint decision reiterates the "main economic task" of "catching up" with the West in industrial output, and

it reaffirms the "preferential development" of heavy industry and the currently stressed agricultural and housing programs. The action not only side-steps the revision of the 1960 goals of the Sixth Five-Year Plan called for by the December 1956 central committee plenum, but in effect postpones for a time the measuring against results of Khrushchev's administrative reorganization and other elements of current policy.

Background

The decision reflects policy flexibility. For the first time

SECRET

26 September 1957

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

THE FRENCH POLITICAL SITUATION

Unrelenting parliamentary opposition to Premier Bourges-Maunoury's proposed statute for Algeria leaves uncertain the outcome of the confidence vote expected on 28 September. Hostility to Finance Minister Gaillard's austerity program also continues, and stepped-up strike activity is expected in the next two weeks. The government, in the end, is more likely to fall over economic policy than over Algeria.

Despite the reported agreement reached on Algeria in the unprecedented round-table discussions with numerous party leaders on 20 and 21 September, the National Assembly's Interior Committee was unable to come up with an agreed position prior to the start of the debate. This may mirror a deep split in the assembly over the proposed statute--particularly on segregated elections and the federal institutions issues. This

split permits the Communists to find allies in their drive to extend the debate over from the special session into the regular assembly session beginning on 1 October. If the Communists are successful, opponents of the government may attempt to topple the cabinet on 3 October by using the censure motions on economic policy which have already been filed during the special session.

Meanwhile, despite Gaillard's concessions to the farmers, mass rallies, threats to suspend milk and meat deliveries, and resignations of rural mayors continue to plague the government. The threat of widespread labor agitation is growing as the union leadership continues to balk at the government's wage program. Transportation and industrial stoppages are proposed for early October if the government fails to demonstrate a more conciliatory attitude this month.

25X1

* * *

SECRET

~~SECRET~~
CONFIDENTIAL**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

PART II**NOTES AND COMMENTS****SARIT CONSOLIDATES CONTROL OF THAILAND**

The consolidation of Field Marshal Sarit's successful coup on 16 September has been virtually completed by the formation of a provisional cabinet under Pote Sarasin. Sarit has packed the provisional national assembly with his followers, has placed men loyal to him in key command positions in the armed forces and the police, and has given the military a dominant voice in the new cabinet.

Of the 29 posts in the new government, 15 have been allocated to Sarit's military backers. His two closest followers,

**POTE SARASIN**

Generals Thanom and Prapat, have taken over the key Ministries of Defense and Interior respectively. In staying out of the cabinet himself, Sarit is maintaining his public pose as a "simple soldier" who is not interested in politics. He is, however, planning shortly to assume the position of "supreme commander." Civilians in the cabinet include in approximately equal proportions nonpolitical careerists, royalists, and members of the Unionist Party, organized last June with Sarit's backing.

The most prominent civilians are Premier Pote and Prince Wan, whose redesignation as foreign minister is intended to give added emphasis to the new regime's claim that Thailand's foreign policy is unchanged. In addition to the premiership, Pote will also hold the finance portfolio. The new ruling clique probably wanted a man whose personal reputation is clean in this post as a precaution against anticipated opposition charges during the impending election campaign that Sarit and his military cohorts overthrew the Phibun regime merely to gain added opportunities for graft.

The provisional government will probably make no major policy changes, but will be largely preoccupied with preparations for the parliamentary elections to be held in December. The campaign may be of critical importance for Thailand's political evolution.

Thailand's 29-year-old King Phumiphon evidently played an active role in the events leading to and subsequent to the army coup. In a long talk with Ambassador Bishop after the coup, he virtually admitted as much, but stated he intended to withdraw from the political arena after the new government is firmly established. Insofar as he hoped for governmental reform in Thailand, the King may quickly become disillusioned. On the basis of past performance, there is little reason to believe that Thailand's new military masters will be any less restrained in grabbing the spoils of power than the group they removed. Furthermore, they may not be prepared to permit genuinely free elections in December.

25X1

~~SECRET~~
CONFIDENTIAL

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

INDONESIA

Indonesia's disaffected regional leaders doubt that an effective rapprochement with Djakarta will grow out of the recent national round-table conference. Despite official government claims of the "psychological success" of the meeting, dissident leaders in the outlying provinces apparently have little faith in Djakarta's promises of reforms and greater cooperation since they realize the extent to which Djakarta depends on revenues from their areas.

Provincial representatives reportedly made a show of amity during the meeting only because of the pressure of public opinion for a settlement and fear of arrest by the central government if the conference failed. Lt. Col. Hussein of Central Sumatra has, in fact, stated that the conference pledge of cooperation between Sukarno and Hatta was simply "show."

Regional leaders are reported continuing to insist that the National Council be made a senate with strong regional representation, that Communist influence in the government be removed, and that army chief Nasution be replaced. They now are thinking of changing their chief demand for a Sukarno-Hatta partnership to insistence on a Hatta government. Serious planning along this line, however, will have to be delayed until Hatta returns from an extended tour of Communist China.

In a speech in Peiping, on 24 September, Hatta noted certain similarities in the histories and political and economic goals of the two countries, but made clear his reservations about the ideological path Communist China had chosen to accomplish them.

The disaffected leaders on the Island of Sumatra reportedly feel the next two to three months will be the critical period in determining ultimate relations between the defiant provinces and Djakarta. Indicative of these Sumatrans' determination to achieve greater economic and political autonomy is their recent hint to American officials that they are considering sending an emissary to make a direct approach to the United States for assistance.

The Communist party of Indonesia, whose interests are best served by preventing a Sukarno-Hatta rapprochement, has switched from earlier criticism of the conference to qualified support of its results. They have hailed the conference as a "victory" but are pressing the line that the meeting's accomplishments constitute a mandate for abolishing the "illegal" regional councils and returning the disaffected provinces to Djakarta's economic and political control. This quick switch in tactics is obviously designed to maintain the Communists' good rapport with Sukarno.

25X1

25X6

SECRET

Page Denied

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

PARIS AND MOSCOW RENEW CULTURAL EXCHANGE TALKS

Some softening of French policy toward the USSR is indicated by the French government's approach to the bilateral cultural relations talks which are scheduled to begin in Paris on 30 September and which will be unaffected by the present parliamentary crisis. The French government claims it will try to limit the scope of the talks, but has permitted publicity concerning them and may accede to Moscow's apparent desire for a formal cultural convention.

The Foreign Ministry proposed the conversations apparently with the primary intention of getting more control over the activities of Soviet individuals and delegations, many of whom have arrived unexpectedly under auspices of the France-USSR Friendship Society. Paris had in mind technical arrangements with the Soviet embassy, but its

willingness to accept Moscow's decision to send a high-level delegation including N. N. Danilov, deputy minister of culture, suggests broader discussions will be undertaken. A French Foreign Ministry spokesman says Paris will concentrate on establishing an exchange program for 1958, but the USSR may seek all-inclusive talks on cultural relations aimed at conclusion of a formal cultural convention.

Paris has tended to aim its cultural drive to such members of the bloc as Poland, which it considered potentially most receptive. When cultural exchanges with the USSR were disrupted by the Hungarian and Suez developments in 1956, French officials assured American representatives that officially sponsored contacts would be renewed only on a "discreet, non-spectacular" basis.

25X1

EHRENBURG CRITICIZES SOVIET CULTURAL POLICY

Ranking Soviet author Ehrenburg's bitter allegorical attack on the Soviet system published in the June issue of Foreign Literature has thus far received only one mild official criticism.

Ehrenburg's essay, "The Lessons of Stendhal," used a traditional Russian literary device: ostensibly laying bare the oppressive social and political system of 19th century France which troubled the French novelist Stendhal, Ehrenburg skillfully juxtaposed quotations from Stendhal and a discussion of his ideals with short, furtive references to the present Soviet scene to produce a devastating critique of Soviet society today.

The following points emerge clearly from this indirect approach: despotic government, no matter how well-intentioned, inevitably cripples art; the sole purpose of art is to tell the truth, and only in art, not in ideology, can one find truth; Soviet writers must not write otherwise than their conscience demands or alter their work under the influence of critical articles; a novel is a "mirror of a great road" which reflects both the azure sky and the dirt, and the man who has the "mirror"--the "dissident" Soviet writer--is not immoral but rather the "road"--Soviet society. Ehrenburg implied that not Stalin's personality but the Soviet system caused the evils of "Stalinism"; he quoted

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

26 September 1957

Stendhal as saying, "The important thing is not the personality of a tyrant but the essence of tyranny."

Ehrenburg may have written his essay in an attempt to test the limits of Moscow's policy as set down by Khrushchev in speeches on ideology and litera-

Even if a king be an angel, his government destroys art--not in that it forbids a subject for a picture, but in that it crushes the souls of artists.--Stendhal

* * * *

A tyrant can be intelligent or stupid, good or bad--all the same he is both omnipotent and powerless; they frighten him with conspiracies, they flatter him, they deceive him; the prisons are filled, the cowardly hypocrites whisper, and a silence hardens, a silence from which the heart is ready to stop.--Stendhal

* * * *

It would not hurt some author to think about the lessons of Stendhal--those who, under the influence of critical articles, are too quick to sit down to alter their novels, forgetting that man is not a snake and it is not given to him to throw off his skin.--Ehrenburg

ture. The speeches appeared in print later than Ehrenburg's article, but Ehrenburg certainly knew their contents since two of them were delivered in May.

The only official criticism of the essay--a mild article in Literaturnaya Gazeta of 22 August--centered around Ehrenburg's alleged faulty scholarship and misrepresentation of the facts of Stendhal's life and ideas. The fact that this criticism was not from a prominent critic and that it did not attack Ehrenburg's character or

motives suggests that the regime is treading softly because of Ehrenburg's prestige and its averred policy of "comradely persuasion" of erring intellectuals. Moscow is undoubtedly anxious to prevent the essay from becoming a cause celebre like Dudintsev's novel Not By Bread Alone and perhaps for this reason has avoided public denunciation of Ehrenburg in favor of trying to convince him of his "errors" privately.

The relatively gentle treatment of Ehrenburg does not appear to presage a softer cultural policy. As recently as 21 September, the regime took harsh administrative measures by announcing that the secretariat of the Union of Soviet Writers had fired the director of the magazine Soviet Music, G. Khubov, and other staff members for having "deviated from the party line and for having failed to observe Leninist principles in the field of art," publishing "conclusions discrediting the party's leadership in the field of the arts in general." Evidently Khubov had failed to recant the speech he made at the Second Congress of Composers last March which aroused official criticism in July as a "mistaken attempt to re-evaluate the fundamental ideological values of our theory and creative work."

25X1

ANTI-SLAV SENTIMENT IN THE KAZAKH REPUBLIC

Resentment of Slavic influence in Kazakhstan which came to the surface late in 1956 appears to be continuing unabated in Kazakh intellectual circles this year despite

official censure and the general hardening of the regime's attitude toward any form of criticism. At the root of the anti-Slav feeling has been real concern over the rapidly

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

deteriorating position of Kazakh nationals within their own republic as a consequence of the influx of Slavs connected with the recent industrial and agricultural expansion.

The de-Stalinization campaign, and specifically references to Stalin's violations of "Lenin's nationality policy," apparently encouraged Kazakh intellectuals to air their grievances. In an article in the latest issue of the Kazakh theoretical journal, Kommunist Kazakhstana, N. Dzhandildin, a secretary of the Kazakh party, states that "provocative rumors, gossip, and anonymous letters are being spread to cast evil slander on the Communist party, on its nationality policy, and on honorable party workers." "These harmful views," he admits, are supported by some of the most eminent members of the Kazakh intelligentsia. These "malcontents" are accused of having demanded that more Kazakhs be given key posts, that only persons able to speak the Kazakh language be assigned important jobs, and that the Kazakh language be cleansed of

words and expressions of Russian origin.

Similar expressions of anti-Slav feeling were condemned in the Kazakh press last January. Certain intellectuals were criticized for complaining that entrance examinations for all Kazakh higher educational institutions were given only in the Russian language, thus preventing many native youths from gaining admission.

Slavic colonization in Kazakhstan has been officially encouraged for many years. Even before the launching of the "new lands" program in 1954, Kazakh nationals had lost the preponderance they had held in their total population up to 1939. Since 1954, over 600,000 people have emigrated to Kazakhstan and the Slavs--Great Russians, Ukrainians, and Belorussians--now constitute an ever-growing majority of the republic's 8,500,000 people.

The Kazakh party organization had been headed since 1946 by the Kazakh, Zhumabai Shayakhmetov. In February 1954,



25X1

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

26 September 1957

Shayakhmetov was described by Khrushchev as "a weak leader for such a great republic" and was replaced by all-union party presidium candidate Ponomarenko--a Slav. Since then this post has been filled by a succession of other party officials from the outside.

Under Ponomarenko, radical reshuffle of the government administration was begun and the number of Slavs in the local government increased until on the eve of the 1957 government economic reorganization they constituted over half of the members of the Council of Ministers. Of the nine councils of

national economy set up in Kazakhstan this spring, four are headed by Slavs and five by Kazakhs. The key post of republic Gosplan head went to Leonid Melnikov, quondam party boss of the Ukraine.

Although Kazakh official spokesmen have admitted that teaching of the Kazakh language and training of Kazakh specialists must be improved, the increasingly important economic role assigned to Kazakhstan and the growing preponderance of the Slavic population there will work against the influence of native Kazakhs and Kazakh culture. 25X1

USSR EXPANDS ANTARCTIC OPERATIONS

The USSR has announced plans to continue extensive scientific operations on the Antarctic continent after the close of the International Geophysical Year (IGY) in 1958. At the recent meeting of the International Council of Scientific Unions in Stockholm, the USSR announced that six stations with a planned complement of 70 scientists plus support personnel will be maintained in Antarctica. The announcement coincided with final preparations for the new season of exploration in the area and with the departure of the Soviet expedition's flagship Ob, which will attempt landings at at least two points in the unclaimed sector of Antarctica, where only the United States has been active to date.

By expanding survey work in the area, the Russians intend not only to ensure participation in any joint exploration or exploitation activity, but to make sure of a voice in any settlement of sovereignty over the area. V. G. Kort, deputy

leader of this year's Soviet expedition, stated in December 1956 that Soviet participation in Antarctic explorations secures the right of the Soviet Union, as "discoverer" of the continent, to participate in the settlement of Antarctica's international legal status.

Major Soviet scientific efforts in the Antarctic began in January 1956 in preparation for the IGY. Four stations have already been established, and two more are to be set up during the coming season. Thirty-seven scientists are scheduled to remain at Mirnyy, the largest of these bases, after the close of the IGY.

Besides the two landings scheduled by the Ob in the unclaimed sector, landings will be made on the coasts of the Australian and New Zealand claims.

Operations last year by the Ob and another Soviet oceanographic ship, the Lena, resulted in a unique hydrographic

SECRET

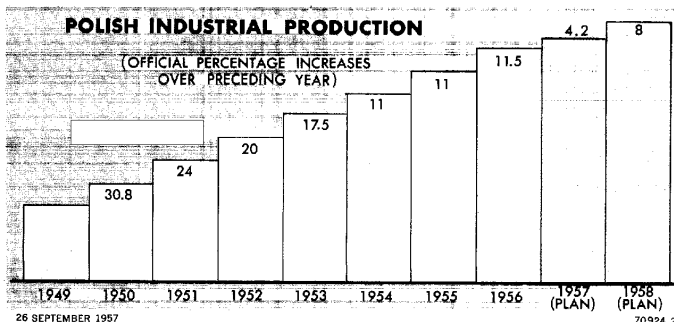
SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

these favorable developments should strengthen Party First Secretary Gomulka's position in the period preceding the key party congress scheduled for December.

Favorable weather and a rise in peasant morale accounted for the good 1957 harvest. Grain production is about the same as 1955, but sugar beet output, while not measuring up to 1955, is above the level of 1956, when exports of sugar had to be canceled. A larger acreage than last year has been planted in potatoes, but steady rainfall in recent months may allow only a moderately good harvest. Meat output is rising and will be above that of 1956. Soviet deliveries of grain under the November 1956 agreement have reached 1,200,000 tons out of a total of 1,400,000 tons promised.

The increased industrial output during the first half



of 1957 and the prospect of overfulfilled plan goals for the year as a whole may justify the 8-percent increase in industrial output called for by the preliminary economic plan for 1958. Industrial output is now well in excess of the 4.2-percent increase called for in the 1957 economic plan, although construction materials and light industrial production are lagging. Polish economic planners are not only setting higher production goals for 1958 but are also increasing

the sums allocated for investments. Total investments are tentatively scheduled to rise 13 percent over the 1957 figure, which was only 6.7 percent above the sums allocated for 1956. The private sector of the economy is to receive an increase of 29 percent in investment credits over 1957 figures.

The shortage of housing is one of the most pressing consumer needs. New construction is lagging behind the rate of deterioration and will continue to do so until the builders are able to construct 450,000 rooms each year, compared with about 240,000 now being built.

Production increases in consumer goods have been supplemented by withdrawal of goods from reserves and by foreign credits, but with these additional supplies, the present demand which has been building up for many years remains far from satisfied. Substantial progress in

closing the gap is set forth as the primary economic task for 1958. While some improvement will be realized, generally low living standards will remain a source of discontent. Nonetheless, the feeling in Poland is general that Gomulka has the people's interest at heart, and many people realize that to

demand unreasonable increases in the standard of living by strikes and other disturbances would risk a surrender of the hard-won gains of October 1956.

The economic successes of 1957 will serve to strengthen Gomulka's position at the important party congress in December at which he can be expected to point to the improving situation as confirmation of the correctness of his policies. (Prepared by ORR)

25X1

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

AUSTRIA AS A "BRIDGE" TO THE SATELLITES

Foreign Minister Figl and other high government officials have recently been stressing that Austria could be "the best bridge to the Eastern European satellites." A desire for increased commercial and political influence in central Europe could lead Vienna to somewhat greater caution in asserting its anti-Communist attitude.

Austrian policy toward Poland since the ascendancy of Gomulka is illustrative of this new attitude. Within the framework of a new trade agreement last June, Austria granted Poland a \$5,000,000 credit for consumer items, and Vienna has since been working on a plan for a multilateral extension of credits to Warsaw through the OEEC. Austrian officials have evidently succeeded in interesting Bonn in this plan, and they intend, if other OEEC members react favorably, to offer it to the OEEC at a ministerial

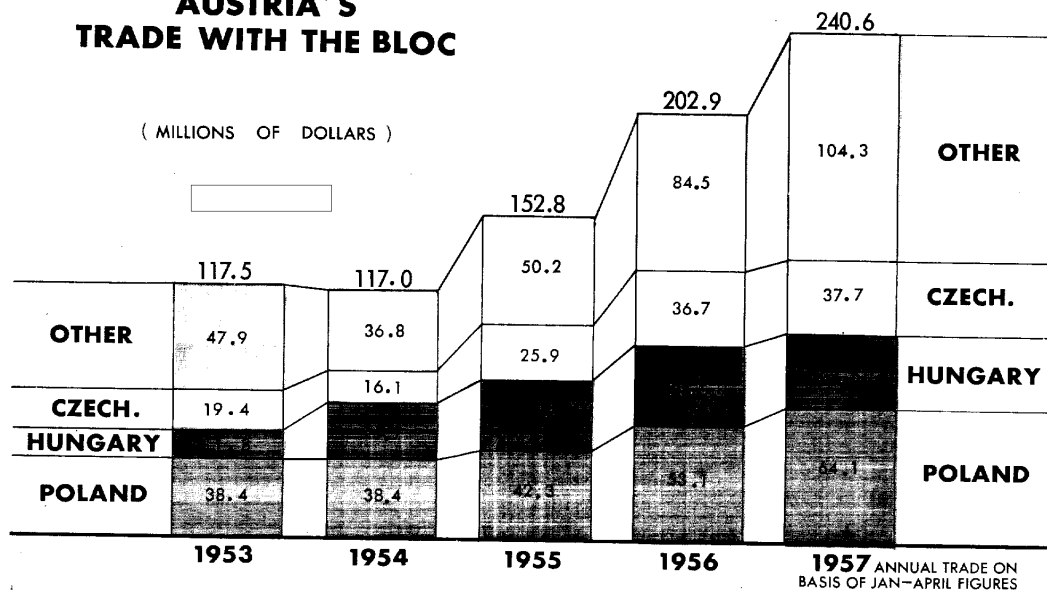
meeting scheduled for mid-October.

A modest increase has taken place since 1954 in Austria's trade with the bloc, but most Austrian businessmen recognize that further expansion is dependent on an improvement in some of the bloc countries' ability to pay. There has been some speculation on the possible advantages to Austria of an Eastern European payments union, and some tendency to promote bloc participation in Vienna's impressive trade fairs as a way to increase bloc sales in the West.

Economic measures, however, are the means rather than the end in Austrian hopes for a political evolution in Eastern Europe which might lead to a Soviet withdrawal. Chancellor Raab proposed the neutralization of Hungary last December, and Vienna is still optimistic over

**AUSTRIA'S
TRADE WITH THE BLOC**

(MILLIONS OF DOLLARS)



26 SEPTEMBER 1957

70924 5

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

the developments in Warsaw. Figl has placed his Polish aid proposal in the context of the problem of getting the Poles to "move closer to the Western European community," contending that Austria is the "best bridge to the satellites and the best means to keep alive satellite hopes through traditional contacts."

No responsible official seems to see such a policy as a weakening of Austria's ties with the West. In practice, however, the mediating role could lead the government to adopt a less openly hostile position toward the Kadar regime in Budapest and a more cautious policy in UN debates.

(Concurred in by ORR) 25X1

JAPANESE-SOVIET TRADE DISCUSSIONS

Japanese-Soviet trade discussions which opened in Tokyo on 10 September have revealed a considerable area of disagreement. Japan is seeking a simple trade agreement and cash-settlement formula, but is faced with a rigid Soviet position calling for continued barter trade, conclusion of a friendship, commerce, and navigation treaty with a most-favored-nation provision, and permission to establish a permanent Soviet trade mission in Tokyo. The Soviet terms, if met, would provide Moscow some political advantages, but would not assure expansion of trade between the two countries.

The Kishi government sought negotiations with the USSR, hoping to profit from lucrative-sounding trade offers, particularly with regard to the economic development of Siberia. The Japanese, who wanted a one-year agreement for about \$30,000,000 in trade each way, now find themselves on the defensive.

Pressure within Japan for trade with the USSR, which totaled about \$5,000,000 in 1956, is not great. The government,

wishing to avoid charges of blocking potential trade, nevertheless will probably allow the USSR to expand its trade representation and to continue barter trade.

The Soviet demand for a friendship, commerce, and navigation treaty with most-favored-nation treatment creates a dilemma for Kishi's government. Japan was committed to negotiate such a treaty by the Hattoyama government in the October 1956 joint declaration restoring relations with the USSR. Tokyo now believes it cannot honor a treaty of this kind as long as it continues to apply the COCOM embargo against the USSR and as long as Moscow is not a member of the International Monetary Fund; the present negotiators have agreed, however, to refer the matter to a subcommittee for study.

Moscow will probably settle for its immediate objectives of permanent trade representation and a friendship, commerce, and navigation agreement and may be willing to meet some Japanese demands for increased trade, if only for propaganda benefit.

25X1

(Concurred in by ORR)

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

NORTH KOREA'S NEW CABINET

North Korea's Supreme People's Assembly on 20 September approved Premier Kim Il-sung's selection of a new cabinet, the make-up of which reflects Pyongyang's concern over shortcomings in the administration of its economic program. The assembly --chosen last month in the first elections since August 1948-- is nominally the highest organ of state power but, like the USSR's Supreme Soviet, serves only to ratify policies previously determined by the regime.

Kim Il-sung apparently hopes his new line-up of ministers will buoy up North Korea's industry and agriculture. Four

of the seven new ministers will direct the work of important economic ministries--machine building, coal, agriculture, and labor--which have been under fire for various faults.

Chong Il-yong, who retains his post as one of six vice premiers, is the first official to be identified as head of machine building since Pak Chang-ok was relieved of that post in September 1956. Last April, an article in the party's journal criticized the machine building industry's "failure to produce all kinds of parts" and the coal industry's "unsatisfactory basic shaft-digging, prospecting,

NORTH KOREAN ADMINISTRATION - 1957

25X1

POSITION	PARTY PRESIDUM MEMBERS	PARTY CENTRAL COMMITTEE MEMBERS	OTHERS
Premier	Kim Il-sung		
Vice Premiers	Kim Il Chong Il-yong Nam Il Pak Ui-wan	Chong Chun-taek	Hong Myong-hui
Minister of National Defense	Kim Kwang-hyop		
Minister of Internal Affairs		Pang Hak-se	
Minister of Foreign Affairs	Nam Il	Ho Chong-suk Pak Mun-kyu	
Minister of Justice			
Minister of State Inspection			
Chairman of State Planning Committee	Yi Chong-ok Pak Ui-wan		
Chairman of State Construction Committee		Kang Yong-chang	
Minister of Metal Industry			
Minister of Machine Building Industry	Chong Il-yong	Ho Song-taek Yi Chon-ho Han Chon-chong Kim Tu-sam Mun Man-uk	
Minister of Coal Industry			
Minister of Chemical Industry			
Minister of Agriculture			
Minister of Electricity			
Minister of Light Industry			
Minister of Fisheries			
Minister of Transportation			
Minister of Construction and Building		Kim Hoe-il	Chu Hang-sop
Materials Industry			
Minister of Finance			
Minister of Home and Foreign Trade		Chin Pan-su	Choe Chae-ha Yi Chu-yon
Minister of Communications			
Minister of Education and Culture		Han Sol-ya	Ko Chun-taek
Minister of Public Health			
Minister of Labor		Kim Ung-ki Chong Song-on	Yi Pyong-nam
Minister of Local Administration			
Ministers Without Portfolio			
Procurator General			Kim Tal-hyon Hong Ki-hwang Pak Se-chang Kim Ha-un
Chief Justice of Supreme Court			
NEW APPOINTEES			

26 SEPTEMBER 1957

70924 4

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

priority investment work, and coal supply." Premier Kim on 11 September charged machine building with failure to support the construction and fishing industries and the agricultural sector, and with failure to make the most of its production capacity.

In agriculture, Pyongyang has admitted that state procurement of farm products is lagging, and as early as last spring criticism was leveled at the management of the socialization program, particularly the tendency to establish oversized co-operatives and to form advanced collectives too fast. North Korea appears to be suffering from some of the same problems as Communist China, although Pyongyang has not announced a policy similar to that of the Chinese for slowing down the rate of socialization.

Apparently to lend substance to its promises of more democratic legal procedures, the regime has considerably al-

tered the judiciary facade by naming new appointees to the posts of minister of justice, chief justice of the supreme court, and procurator general.

Two party presidium members, in addition to Chong Il-yong, emerge with increased stature from the cabinet changes. Major General Kim Kwang-hyop will head the Ministry of National Defense, and Foreign Minister Nam Il assumes concurrently the post of vice premier.

The cabinet reshuffle does not augur a major party purge. Party presidium member Choe Yong-kun appears to be the only prominent leader who has been demoted. He has been dropped from his posts as vice premier and minister of national defense and replaces the 67-year-old Kim Tu-pong in the primarily honorific job of president of the Supreme People's Assembly presidium--the titular head of state. (Con-

25X1

NORTH VIETNAM CONCLUDES NATIONAL ASSEMBLY SESSION

In the seventh session of the North Vietnamese National Assembly, there was none of the spirited debate and criticism that marked the sixth session last January. This is indicative of Hanoi's continuing retreat from its liberalization promises of a year ago. Reports to the assembly delegates submitted by the various ministries support other evidence that the regime is making little headway in overcoming its economic and political difficulties.

One of the reforms promised by Ho Chi Minh last October, when Hanoi began its brief liberalization campaign, was revitalization of the National Assembly. The assembly's sixth session, which opened in Hanoi two months later and lasted for over a month, was called on for more than perfunctory approval

of set government policies, and many delegates were outspokenly critical of official programs. Parts of the legal system were codified for the first time, and the assembly recommended that by-elections be held to fill its many vacant seats. Most importantly, it requested that the country's constitution, drafted in 1946 but never promulgated, be revised to suit present conditions.

The recent session, by contrast, met for only ten days, 10 to 19 September. It did not debate government programs nor present any specific recommendations to the administration. It was content to approve, without change, a few pieces of legislation, including a trade union law drafted by the minister of labor. The by-elections requested by the

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

assembly last January have not been held, and from the report read to the seventh session, it appears that they will not be held this year. Furthermore, the assembly's subcommittee working on the revision of the constitution apparently failed to make even a progress report to the delegates.

From the government's reports to the assembly, it was clear that few, if any, of the problems the regime has encountered in the last six months are even half-way solved. Land reform and its sequel, error correction, were reported to be nearly completed, but the government's statement referred only to the traditionally pro-Viet Minh Tonkin delta area. Even there, the program's headway has been spotty. Hanoi claimed a balanced budget for this year, but acknowledged dependence on foreign aid for 36 percent of its revenues and admitted that both agricultural

and commercial taxes are difficult to collect. Open resistance to tax collections was acknowledged in the press to have taken place in Vinh Phuc Province earlier this year.

The minister of industry revealed to the assembly delegates that industrial enterprises reached only 85 percent of their goal in the first half of 1957 and that the Hongay coal fields, which account for some 30 percent of Hanoi's foreign exchange earnings, met only 71 percent of their quota. These shortfalls were blamed on mismanagement, the shortage of good technicians and equipment, and worker apathy. The regime apparently hopes to come to grips with this last factor through the new trade union law, which aims at "ensuring the fulfillment of state plans" and could provide the legal sanctions for tightening labor discipline.

(Concurred in
by ORR) 25X1

PAKISTANI LEADERS PLEDGE EARLY ELECTIONS

The prospects for national elections in Pakistan--the first in its ten-year history--apparently have improved considerably as a result of the latest struggle between Pakistan's rival political factions. The strong statements by President Mirza and Prime Minister Suhrawardy on 23 September, pledging general elections in 1958 and criticizing any legislative action that would require changes in the national constitution before the elections, indicate a major concession by Mirza to the position long held by Suhrawardy.

the recent decline in Suhrawardy's political power, especially in relation to Mirza, has now been reversed.

Until the talks which Suhrawardy held with Mirza on 23 September, immediately on the prime minister's return from a ten-day tour of East

Pakistan, events at the provincial level in West Pakistan had raised the possibility that Mirza was maneuvering through his Republican party to delay the elections and thus prolong his personal control over the political situation in Pakistan.

25X1

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

25X1

Having accomplished his objective of keeping the Republicans in power during the 14-21 September session of the West Pakistan assembly, Mirza may have concluded finally that the present political situation demands he work with Suhrawardy, and that his best chance for continuing as president following the elections lies in cooperating with the prime minister rather than competing with him.

25X1

THE OUTLOOK IN HAITI

Following the relatively peaceful and honest election of 22 September in Haiti, opposition elements continue to threaten action protesting Dr. Duvalier's victory. The interim military junta under General Kebreau is believed capable of maintaining control and will probably remain the key factor for the country's stability even after the inauguration of the new government.

Early returns indicated victory for Dr. Francois Duvalier, the pro-US physician who was Kebreau's personal choice. Even before the voters went to the polls, Louis Dejoie--Duvalier's only opponent--claimed that the election was rigged and threatened reprisals. With substantial support in the south and in Port-au-Prince,

Dejoie, who instigated a number of commercial lockouts responsible for unseating several previous governments, is capable of causing serious disorders.

Other opposition elements, particularly those representing the political and financial interests of exiled former dictator Paul Magloire, may join Dejoie in protesting the election. Many army enlisted men, who are known to be Magloire sympathizers or supporters of ousted provisional president Daniel Fignole, might turn against their officers if disorders should arise. Kebreau, however, is believed capable of retaining control. After the new government is inaugurated, possibly in October, it will probably depend on army support indefinitely.

25X1

THE OUTLOOK IN HONDURAS

As a result of its clear majority in the 22 September Honduran elections, the Liberal party will play the leading role in the Constituent Assembly's effort to return the country to constitutional government, in abeyance since late 1954. Convening on 21 October, the assembly is to approve the draft of a new constitution and can either name a provisional executive and call national elections, or simply select a president for a full six-year

term and convert itself into a legislative body.

Liberal leader Ramon Villada Morales told the American ambassador shortly before the election that he favored a presidential election in December. He expects to be his party's candidate for president.

The Liberals, who received over 60 percent of the votes in what was probably the most honest election ever held in

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

Honduras, have been out of power for 25 years. During that time, they were often ruthlessly suppressed, and some worked with the Communists. Present Liberal leaders, however, have taken a firm anti-Communist stand. There are serious rifts in the party and the Liberal assembly candidates, generally characterized as low-caliber men, were apparently chosen by second-string party leaders competing with Villeda for party leadership. Villeda probably will face determined opposition within his party if he attempts to fulfill his promise to form a government with the best elements of all parties.

The Liberals' freedom of action in governing will be

limited to a still undetermined extent by the armed forces, which are determined to remain a decisive power after the return of civilian government. Though most officers distrust the Liberals, their leaders seem willing to cooperate with a Liberal government--as long as army interests are not threatened. As a forceful reminder of their determination to remain in the position of political arbiter, the armed forces issued a proclamation on election eve declaring that the military has assumed an "irrevocable function as permanent guarantor and zealous keeper of the integrity" of national institutions. 25X1

BRAZIL'S FOREIGN EXCHANGE CRISIS

The dangerous decline in Brazil's dollar reserves and credits in the past few months and the continued slackness of the coffee market--which normally supplies up to 85 percent of the country's dollar exchange--may force Brazil to curtail essential imports or to seek large-scale government-to-government loans. About half of Brazil's imports--worth over one billion dollars annually and consisting principally of oil, wheat, and industrial equipment--come from the United States or from American-owned oil companies abroad.

The declining coffee market combined with increased imports and a mounting schedule of payments on past dollar loans and investments brought Brazil's dollar deficit for the first half of 1957 to more than \$100,000,000. In August, actual cash reserves dropped to \$10,000,000. The schedule of payments on dollar debts for this year amounts to over half

the value of Brazil's exports in the first six months and will be even greater next year.

Brazil's dollar sales of coffee are expected to show limited seasonal improvement in the final months of the year, but the long-run outlook is precarious. Most sources agree that a world-wide glut of coffee, beginning in 1958, is likely. A continued decline in prices would almost certainly stimulate new nationalist campaigns against the United States, whose commodity exchanges determine world coffee prices.

Negotiations for limited financial help are under way with the International Monetary Fund and reportedly also with a large US commercial bank that may be willing to accept surplus coffee stocks as collateral. Gold collateral is virtually out of the question, since nearly two thirds of Brazil's gold holdings are already pledged against a five-year loan granted

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

in 1954 by a consortium of US commercial banks.

The Brazilian government, preoccupied with domestic political and economic problems, appears unlikely to adopt effective remedial measures beyond attempting to support the

coffee market and continuing its long-range efforts to diversify exports. Top government officials appear extremely fearful of risking the political repercussions of either curtailing essential imports or opening petroleum resources to foreign investment.

25X1

PHILIPPINE POLITICAL CAMPAIGN

Of the four major candidates for the Philippine presidential election on 12 November, President Carlos P. Garcia of the Nacionalista party appears still to be leading by virtue of his control of the government machinery and the patronage he can dispense. There has, however, been an impressive public response to Manuel Manahan, standard-bearer of the new Progressive party, who may prove to be Garcia's main threat. The Liberal candidates, Jose Yulo and Diosdado Macapagal, reportedly are losing momentum, and Senator Claro Recto's Nationalist-Citizens party is said to lack any significant popular support.

Despite his advantages, Garcia's election is by no means certain. He is an uninspiring candidate and is saddled with an unpopular running mate in Jose Laurel, Jr., who may be defeated for the vice presidency even if Garcia wins. The Nacionalista party, moreover, is suffering from internal dissension, and is becoming increasingly vulnerable to charges of graft and corruption, particularly in its efforts to obtain campaign contributions.

The campaign of Yulo and Macapagal has so far been unexciting, and they have attracted only small crowds. In addition, the Liberal party is plagued

by defections to the administration and the continued independent candidacy of Tony Quirino, younger brother of former president Elpidio Quirino. Yulo's halfhearted efforts to purge Liberals identified with Quirino's corrupt regime have also contributed to internal party dissension. Yulo himself is under attack for alleged financial irregularities which, together with a recent uproar over the validity of Macapagal's marriage, has dissipated some of the expected support from Roman Catholic circles.

Latest reports indicate that Progressive candidate Manahan's popularity is increasing beyond expectations in the major cities as well as in the villages. The chief asset of the Manahan forces is their identification with policies of the late president Magsaysay.

Manahan is presently confronted with a number of serious handicaps, however. He lacks an established organization, is hard-pressed financially, and must overcome the traditional influence of local officials, most of whom are Nacionalista appointees. He also suffers from a weak vice-presidential candidate--businessman Vicente Araneta--and his senatorial candidates, while capable, may lack appeal because they largely represent the Manila area.

25X1

SECRET

~~SECRET~~

CONFIDENTIAL

CURRENT INTELLIGENCE WEEKLY SUMMARY

26 September 1957

PART III

PATTERNS AND PERSPECTIVES

SOVIET BLOC MILITARY AND ECONOMIC SUPPORT FOR SYRIA

Military materiel constitutes the major portion of Soviet bloc assistance to Syria, and additional arms from the USSR and the satellites are scheduled to arrive in the near future. A team of Soviet economic experts is in Syria laying the groundwork for projects to be undertaken under the recently announced Soviet development credit.

Arms

The Soviet bloc has virtually completed arms shipments under 1956 contracts. Deliveries to date have included a wide range of military equipment: 36 jet fighter aircraft, 120 medium tanks, at least 300 pieces of artillery, hundreds of armored vehicles and trucks, nine motor torpedo boats, and large quantities of small arms and ammunition.

Moscow agreed in May of this year to meet Syria's long-range arms needs on a continuing basis, and in late July Syria presented the USSR with its detailed requirements. Apparently as a result of the July talks, the Syrians have placed new orders and have advanced the delivery schedules for some military items previously ordered.

in addition to naval

craft, Syria has ordered more aircraft, both fighters and bombers, from the USSR.

With Soviet delivery of these military items, Syria's capability to mobilize and arm additional manpower will be significantly increased. The Syrian army at present numbers 50,000 men. Some of the arms may be used to equip "popular resistance" groups which are now being reactivated or to equip Syrian-supported subversive groups in neighboring countries. Both Jordan and Lebanon have reportedly seized bloc-manufactured weapons smuggled into those countries from Syria.

Moscow probably will supply more arms to further stiffen the Syrian regime's resistance to external pressures. Soviet officials reportedly feel the Western powers are not likely to undertake direct military intervention.

Soviet bloc technicians in Syria, now numbering over 300--of whom between 150 and 200 are military--are surveying Latakia harbor, probably stressing particularly oil storage and off-loading equipment in an attempt to alleviate dependence on Lebanese port facilities. In early September, Syria had to take delivery of 2,000 tons of fuel for Syria's jet aircraft at Beirut for overland shipment.

Economic Aid

A team of high-ranking Soviet personnel headed by P. V. Nikitin, Pervukhin's deputy on the Soviet State Committee for External Economic Relations, is in Syria. It will deal with projects to be undertaken by the USSR under its economic

CONFIDENTIAL

~~SECRET~~

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

development credit, which Syria accepted in principle in early September. Under consideration, judging by the composition of the Soviet group, are water control projects--dams and irrigation works--transportation and communications, mineral exploitation projects, and factory construction. The size of the credit apparently will be determined by the committee's survey, but reports suggest that the loan will total more than \$100,000,000.

Prior to September, the USSR had engaged in no economic activity with Syria other than trade. Other members of the Soviet bloc, however, have been active, constructing industrial facilities and otherwise developing the economy. Last

April, after protracted negotiations, Czechoslovakia secured a contract to construct a 1,000,000-ton oil refinery in Syria at a cost of \$15,000,000. Preliminary work is under way and the refinery is scheduled for completion in 1959. The Czechs, along with Hungary and East Germany, have also negotiated contracts--most of them entailing credits--for cement plants, textile factories, food-processing plants, and a china factory. The stage of implementation of these contracts is largely unknown. Bulgaria is known to have been conducting a geological survey for over a year, and is constructing storage facilities in Latakia and building an airfield. 25X1

(Prepared by ORR)

25X1

* * *

THE SOVIET URBAN HOUSING PROGRAM

A Soviet decree of 31 July sets forth measures to end the housing shortage in the USSR in the next 10 to 12 years. It provides for annual targets for construction of new dwelling space and production of building materials through 1960. The apparent determination of the Soviet leaders to relieve the housing shortage, which has plagued the USSR since the revolution, is evidence of an easing, if slight, of the traditional emphasis on the growth of heavy industry.

Background

Soviet history has been marked by a housing shortage resulting primarily from rapid urbanization and the priority given industrialization. Heavy

war destruction and discouragement of private building have contributed their share. Since 1917, the state has been the prime mover in housing construction, and at the present time 65 percent of urban housing is state-owned.

In terms of living space per person, urban housing facilities continually worsened from 1917 to the outbreak of World War II. In the postwar period, the rates of urbanization and of housing construction have run neck and neck; conditions in 1956 were no better than at the end of the war and are still far worse than in 1917.

Before the recent decree, the Sixth Five-Year Plan called

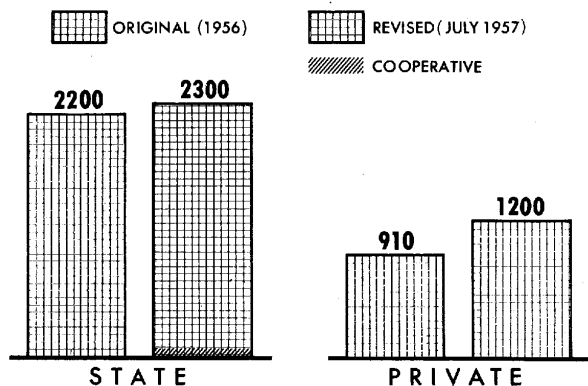
SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

**USSR: SIXTH FIVE-YEAR PLAN
GOALS FOR HOUSING**

MILLIONS OF SQUARE FEET



26 SEPTEMBER 1957

70829

for 2.2 billion square feet of state building and 910,000,000 square feet of private building. In 1956, only about one eighth of the original program was achieved. In the 1957 plan, however, the share of housing in total construction was increased significantly, and state planning organs were directed to determine whether the housing construction could be expanded and to seek a solution to the problem of high costs and slow progress.

Housing Priority Reaffirmed

The new decree is perhaps more important for its reaffirmation of serious intent to achieve the existing goals for state-constructed housing than for its scheduled boost by one third in private-constructed housing. While the state housing goal was not raised, the decree increased the resources allocated to an extent making possible fulfillment of this program, which is nearly twice as big as the Fifth Five-Year Plan program.

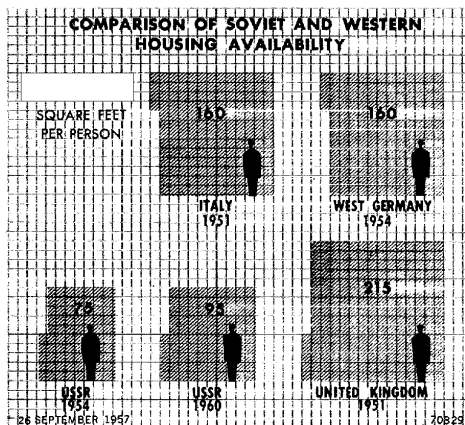
The cost involved in carrying out the state-constructed housing program is high. Sched-

uled expenditure in the Sixth Plan is to be about 22 billion dollars, 10 billion more than was spent in the Fifth Plan. State housing will then account for about 19 percent of total state investment as compared with 14 percent in the Fifth Plan.

This increasing importance of housing means, conversely, a slower growth of industrial construction and consequently of the industrial growth rate. Nevertheless, this new Soviet course has ap-

parently been taken in earnest. Even before the August decree reaffirmed the stress on housing, the Soviet leaders had, in formulating the 1957 plan, increased investment to housing (and agriculture) at a time when raw materials shortages might have dictated a cutback in favor of greatly increased investment in the raw materials sector.

The Soviet leaders evidently hope that labor productivity gains resulting from better housing and improved morale will somewhat offset the retarding

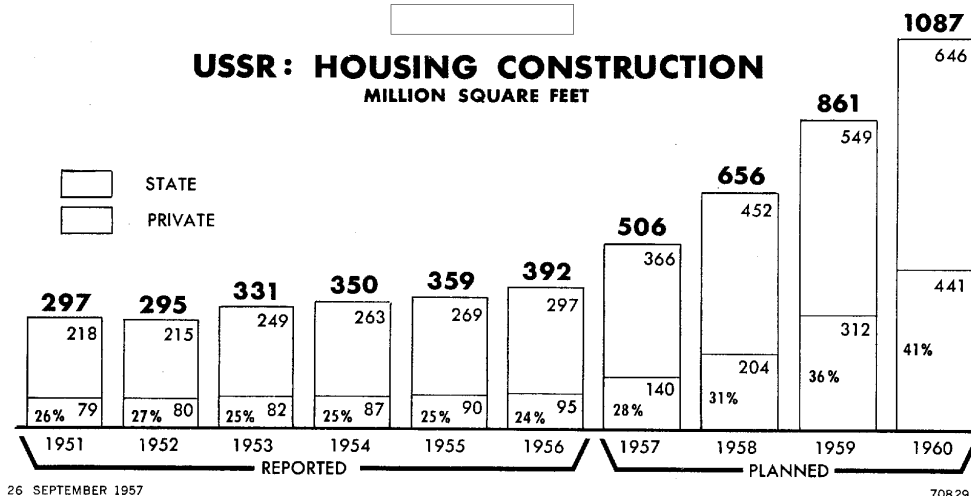


25X1

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

USSR: HOUSING CONSTRUCTION
MILLION SQUARE FEET

26 SEPTEMBER 1957

70829

effect the sharp rise in housing construction will have on expansion of raw materials bases and industrial plants.

The increase in private building will probably not be achieved despite the inclusion in the decree of an apparently sound legal and financial basis for the program. The required building materials are to be mostly obtained locally from untapped resources not included in the national plan, a task not likely to be accomplished.

Following Through

Publication of the housing decree has been followed by extensive press treatment, including a Pravda editorial comparing the drive with the "new lands" program, and a meet-

ing in Moscow of urban party secretaries and their government counterparts to consider housing and public welfare programs. In recent weeks, various regional officials have pledged solution of their local problems in much less than the 10 to 12 years specified in the decree.

The new program has received almost as much publicity as Khrushchev's plan for catching up with the United States in meat and milk production in the next few years. The two programs are vital parts of Khrushchev's plan for the consumer, and failure to make a good showing in them could have serious effects for the future of the regime and of Khrushchev personally.

(Prepared by ORR)

25X1

* * *

TELEVISION IN THE EASTERN EUROPEAN SATELLITES

The Eastern European satellites are expanding their television broadcasting and reception facilities to the point where the system can eventually

be used as a major propaganda weapon both at home and in bordering countries. The satellites will not in the near future have a network comparable

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****26 September 1957**

to Eurovision, however, which links the ten major Western European countries. Their network thus far connects only some East German stations--East Berlin, Leipzig, and Dresden--with Prague. There are plans, however, to link all the satellite countries and tie them in turn to a Soviet network.

The satellites, except East Germany, are using the same transmission method used by the USSR, and Western European receivers can pick up their programs only by using adapters. East Germany began changing over to the Western European system last spring, and Czechoslovakia has indicated it may follow suit. East German and Czech stations will nevertheless be able to pick up and rebroadcast programs from the other satellites and the USSR which remain on the Soviet system.

While the satellites have been importing television sets from the USSR and Western Europe, some are being manufactured locally. The East Germans made 55,400 sets in 1956 and the Czechs are scheduled to produce 60,000 in 1957. The Germans expect to increase annual production to about 360,000 sets by 1960, Poland was to have begun manufacturing sets in August, with 7,000 to be made by the end of the year. Hungary has made a prototype set and expects to produce 100,000 in 1958. Bulgaria has also recently made a prototype; Rumania has not yet even a prototype.

East Germany

Of all the satellites, television is most highly developed in East Germany, where it is becoming an increasingly important weapon in the ideological struggle between the two parts of the divided country. The East German television network is not only transmitting a wide variety of programs across the zonal border, but is also expanding its facilities in an attempt to capture the attention of



25X1

even larger audiences in the West.

Three high-powered transmitters are being built at strategic high points near the West German border, and the power of the ten in operation is being stepped up. When the East German television network is completed as planned, programs originating in East

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

26 September 1957

Germany can be received up to 100 miles within West Germany, in parts of Denmark and Sweden, and possibly in some areas of the Netherlands. More than a million West German television receivers will then be within range of East German transmitters.

East German television is concentrating on high-quality dramatic productions, frequent live telecasts of East Germany's theater and opera, and new Italian, French, and British movies before they are shown by West German movie houses or television stations. Such offerings might in time attract many Western European viewers.

Of East Germany's estimated 125,000 television receivers, at least 85,000 are within range of West German television stations, which are not being jammed but could be, as are radio broadcasts. Furthermore, West Germany's link with the Eurovision network enables East German audiences to see television programs from most of Western Europe, including the United Kingdom. Under the terms of a recent agreement between East and West German television officials, there may be some exchange of network programs.

Czechoslovakia

After East Germany, Czechoslovakia has the most highly developed television system in the satellites. Stations are now operating at Prague, Ostrava, and Bratislava, which is expected to be linked with the capital by the end of 1957. The Ostrava connection with Prague is scheduled for completion some time next year. The government has announced that a network of all the existing and six planned stations will be completed by 1960, extending coverage to the entire country. When the network is completed, and after eventual conversion to the Western broadcasting method, Czech programs will be available for viewers in much of Bavaria and most of Austria.

The Prague station carried the 1956 Winter Olympic Games through a hookup with Eurovision by way of a direct VHF (very high frequency) link with the East German television system. Future plans call for connections with the Polish and Hungarian systems as a part of the projected Soviet bloc television network. The Czechs also hope to link with the television center in Vienna through Bratislava. They reportedly have ambitious plans to make Prague and Bratislava key relay points for the exchange of programs across the iron curtain. Several recent Czech press reports have indicated that programs designed for Western European audiences are planned for the near future.

Poland

An estimated 7,000,000 to 8,000,000 people in Poland will be within range of Polish television stations by the end of 1957. Polish television stations are operating on a regular basis at Warsaw, Lodz, and Poznan. The Katowice station is nearing completion and is scheduled to begin telecasting by December and an experimental station at Szczecin, reportedly now conducting tests, is expected to be on the air on a regular basis in 1958. By 1960, the Polish government plans to have additional stations in operation at Gdansk, Krakow, and Bydgoszcz.

There are also plans to connect all Polish television stations in one network. Construction of the Warsaw-Lodz transmission line is now under way, with a Lodz-Poznan link next on the schedule. Under existing plans, Warsaw is to become a key relay point in the projected Soviet bloc network. The Polish system is to be connected with Moscow via Bialystok and Wilno, with Berlin and Eurovision via Poznan, and with Czechoslovakia and Eurovision through Katowice and the Czech station at Ostrava.

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

26 September 1957

The Other Satellites

Although the development of Hungary's system was delayed by the revolution, the government is proceeding with plans for the creation of a television network. In addition to the Budapest station, the only Hungarian television transmitter now operating, a station at Miskolc is planned for completion in 1958, and another is to be completed in the Western part of the country by the end of 1959.

Hungarian officials envisage a link with Prague and Vienna in one direction and with Belgrade, Bucharest, and Sofia in the other. Through Belgrade, they hope for a hookup with Rome in time for the 1960 Olympic Games.

Rumania's first television station began operations on 1

January 1957 on a limited schedule. The few receivers available have been placed in trade union and people's council quarters, and in the "houses of culture." Plans for the further expansion of Rumanian television appear to be uncertain at present.

Bulgaria's television remains relatively undeveloped, although the first official telecast was made in April 1954. The power of the single station at Sofia is to be stepped up and new studios are scheduled for completion by the end of 1958. There is little likelihood of Bulgarian television being linked with either the bloc system or Eurovision in the near future. Albania has no television, and no plans for its development are known.

(Concurred in by
UHK)

25X1

* * *

SECRET

Page Denied